

Gas tax going up as state tries to level revenue

By DOUG IRVING / ORANGE COUNTY REGISTER

California drivers, who pay some of the highest gasoline taxes in the nation, can expect to spend an additional 3.5 cents on every gallon starting this summer.

State tax regulators approved the increase this week, in part to keep tax revenue steady as the demand for gasoline drops. It adds up to around \$21 a year for a driver who gets 23 mpg and puts 14,000 annual miles on the odometer, both of which are rough national averages.

California's gas tax is like a flat fee charged on every gallon – 36 cents for now, jumping to 39.5 cents on July 1. The state Board of Equalization sets it every year and has bumped it up by fractions of a penny in each of the past three years.

State lawmakers, scraping for dollars to patch the budget in 2010, dramatically changed how the state taxes gasoline. They increased the gas tax but reduced a separate sales tax on gasoline, a bureaucratic swap meant to give them more flexibility with the revenue.

The two changes were meant to offset each other in that first year so that drivers wouldn't see the difference at the pump. After that, the Legislature provided that the higher gas tax could not raise more money – or less – than the sales tax would have.

But gasoline consumption in California has been falling as more fuel-efficient vehicles get on the road and much higher pump prices chase off some drivers. In 2012 alone, Californians used 115 million fewer taxable gallons than the year before, state figures show.

That means the state is collecting that much less in gas taxes. The Board of Equalization, charged by law with adjusting the gas tax to keep revenues steady, took that into account along with a forecast rise in gas prices when it voted 3-2 to increase the tax.

Vice Chairwoman Michelle Steel, who represents Orange County, voted against the increase. She released a statement saying: "In 2010, the Legislature and the governor reduced the sales tax on gasoline and saddled the Board of Equalization and the taxpayers of California with a complex scheme to adjust the excise tax on gasoline in order to match revenue that would have been collected from that sales tax.

"I voted against this adjustment because I believe it is wrong for the Legislature to force the (Board of Equalization) to raise gas taxes on California drivers by more than half a billion dollars based on guesses of future revenue."

The board left the gas tax on diesel unchanged at 10 cents per gallon, although the sales tax on diesel is scheduled to increase by nearly 2 percentage points this year.

California charges the second-highest taxes on gasoline in the nation, according to a survey released in January by the American Petroleum Institute, an oil-and-gas industry group. It combined gasoline taxes, sales taxes, and other taxes and fees and concluded that New York charged the most, 69 cents per gallon. It pegged California's total taxes at 67.1 cents per gallon; the upcoming increase would raise that to 70.6 cents.

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